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 [Executive Orders](#) | 
 [Press Kit](#) | 
 [Reports](#)

Home > Newsroom > Press Releases > 2010 > Governor Chris Christie Reaches Bipartisan Agreement on Critical Tool Kit Measures, Long-Overdue Arbitration Reform Transforms System

## Governor Chris Christie Reaches Bipartisan Agreement on Critical Tool Kit Measures, Long-Overdue Arbitration Reform Transforms System

Thursday, December 9, 2010 • Tags: [Property Taxes](#)

### With 12 Days Left in the Legislative Session, Governor Christie Praises Legislative Leadership for Working Together and Taking Action

**Trenton, NJ** – With just 12 days left in the legislative session, Governor Chris Christie has reached a bipartisan agreement to enact critical elements of the Christie Reform Agenda. Working together with Senate President Steve Sweeney, Assembly Speaker Sheila Oliver, Senate Minority Leader Tom Kean and Assembly Minority Leader Alex DeCroce, the result is action on transformational, long-overdue interest arbitration reform that will provide municipalities with the help they need to keep property taxes down for New Jerseyans.

As part of the Christie Reform Agenda, the Governor unveiled an aggressive plan to curb property tax costs through comprehensive arbitration reform. Arbitration reform, in addition to other pieces of the Reform Agenda, get at the root of the problem facing many local governments struggling to live within their means – ever-expanding operational costs. The Governor has been traveling the state since September, talking about the importance of enacting a tool kit of reforms to help local government leaders directly address cost drivers and manage within Cap 2.0 without adversely impacting core government services. Since the introduction of these reforms in May, hundreds of mayors and local elected officials across political parties have voiced their support for the tool kit, and underscored the tool kit's importance in helping them manage their local budgets.

"Today we have shown that once again by putting the interests of New Jersey's hard working men and women first we can achieve real, sustainable reform. Building on the first steps we took to reduce property taxes with "Cap 2.0," we are transforming the interest arbitration process and providing a long-term solution that will help local governments keep property taxes down and costs under control," said Governor Chris Christie. "New Jerseyans have waited a long time to see real reform happen in Trenton, which is why they deserve nothing less. Today's agreement is a positive step in that direction, but we still have more work to do before the end of the year.

"There is no doubt that by going after the issues normally considered to be off limits politically, we are changing the conversation in New Jersey and getting results. Now we're showing the rest of the country that if you work together on substantive solutions, you can change the way government works. We're just starting to turn Trenton upside down and I'm confident that if we keep this same pace and continue to work together on what matters, we're going to be able to go even farther," concluded Governor Chris Christie.

The Christie bipartisan agreement on interest arbitration reform mirrors the Governor's call for a meaningful cap that matches the tax levy cap of 2.0. This 2 percent cap will be applied to all salary items, such as across the board and cost of living increases, step increment payments and longevity pay. While pension and health costs are exceptions, as part of the Reform Agenda, the Governor has called for considerable measures to modernize and improve the pension and benefit system and has received assurances from Democratic leadership that these reforms will be passed in 2011.

Moreover, important to Governor Christie's commitment to delivering meaningful and substantive reform, there will be no additional exceptions for non-salary economic terms moving forward. The agreement creates a prohibition on allowing non-salary economic issues to be arbitrated above the cap, unless already included in an existing contract. This is an important provision because arbitrators will no longer be able to create new cost items in successor contracts.

The agreement also creates fast track interest arbitration that will transform the system by establishing concrete deadlines to help accelerate the impact of the new cap.

#### The Christie Bipartisan Agreement on Interest Arbitration Reform

- **Meaningful Cap 2.0 That Mirrors Tax Levy Cap.** Provides a meaningful cap of 2 percent that will be applied to all salary items, such as the cost of across the board and cost of living increases, step increment payments and longevity pay.
- **No Exceptions for Additional Non-Salary Economic Terms Moving Forward.** The agreement prevents arbitrators from awarding any new economic items moving forward. The agreement creates a prohibition on allowing non-salary economic issues to be arbitrated above the cap, unless already included in an existing contract. All salary items are subject to a maximum 2 percent cap. This is an important provision because arbitrators will no longer be able to create new cost items in successor contracts

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- **Eliminate Accruing Labor Costs By Improving the Arbitration Process.** The agreement transforms the system by putting in place concrete deadlines to help eliminate delays in the arbitration process, from contract negotiation to the receipt of the actual award. Traditionally, once a contract expires, labor costs continue to mount until a new contract is reached. Enforcing deadlines and speeding up the process will ensure timely implementation of new contracts and the cap on interest arbitration awards.
- **45 Day Fast Track on Arbitration.** Establishes a concrete deadline of 45 days from the filing of a request for interest arbitration to the date of award without any extensions. Both parties may request interest arbitration on the day the contract expires and awards will be implemented on the same day. All appeals must be decided within 30 days, if arbitrators do not comply with the 45 day deadline, they will be penalized.
- **Caps Arbitrator Pay.** The agreement will cap arbitrator compensation at \$1,000 per day and \$7,500 per case. Capping arbitrator pay will further incentivize speedy resolution of arbitration cases.
- **Increases Ethical Standards and Training for Interest Arbitrators.**
- **Randomizes the Selection of Interest Arbitrators.**
- **2011 Effect with 2014 Sunset.** The law takes effect on January 1, 2011 and is set to sunset on April 1, 2014.
- **Ensuring Responsible Implementation.** The agreement also creates a Task Force to examine the impact of interest arbitration reform and the effectiveness of the cap on restricting municipal spending. The taskforce will study the impact of the cap on taxes, services, expenditures, public safety, recruitment, retention and professionalism. The Governor will directly appoint four members and two members will be directly appointed by the Senate President and Assembly Speaker. The Task Force will provide its recommendations no later than December 31, 2013.

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